

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04  
NSAE-00 SIL-01 HA-05 TRSE-00 SP-02 PA-01 /042 W  
-----052226 271452Z /47

R 270810Z JUN 78  
FM AMCONSUL JOHANNESBURG  
TO SECSTATE WASHDC 7887  
INFO AMCONSUL CAPE TOWN  
AMCONSUL DURBAN POUCH  
AMEMBASSY PRETORIA

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E.O. 11652: N/A  
TAGS: ELAB, EINV, SF, US  
SUBJECT: EMPLOYMENT PRACTICES SURVEY STATUS REPORT

REF: (A) JOHANNESBURG 1276, (B) STATE 148302, (C) 76  
PRETORIA A-104

1. SUMMARY: THIS PRELIMINARY REPORT OF THE  
CURRENT SAMPLE SURVEY OF EMPLOYMENT PRACTICES  
OF U.S. SUBSIDIARIES IS BASED ON 27 COMPLETED QUESTIONNAIRES.  
TEN FIRMS HAVE DECLINED TO PARTICIPATE. RESPONSES FROM  
FIVE OTHER FIRMS ARE STILL PENDING. WHILE THERE ARE  
OBVIOUS AREAS WHERE FURTHER IMPROVEMENTS CAN AND  
SHOULD BE MADE, PARTICULARLY WITH RESPECT TO EQUAL  
BARGAINING RIGHTS AND WAGES, SULLIVAN CODE SIGNATORIES  
APPEAR TO HAVE STIMULATED A BROAD BASED MOVE TOWARD  
DESEGREGATION OF COMFORT FACILITIES AND OTHER IMPROVED  
EMPLOYMENT PRACTICES. END SUMMARY.

2. COMPARED TO THE MISSION'S 1976 SAMPLE SURVEY OF  
EMPLOYMENT PRACTICES OF U.S. FIRMS IN SOUTH AFRICA (REF C),  
RESPONSE TO THE CURRENT INQUIRY HAS BEEN SIGNIFICANTLY  
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MORE COOPERATIVE. OF 42 FIRMS QUERIED, 27 SUBMITTED  
REPLIES. ONLY TEN DECLINED FOR VARIOUS REASONS  
TO PARTICIPATE. THE REMAINING FIVE, INCLUDING PARKER  
PEN (REF B) HAVE NOT YET RESPONDED. THE 27 FIRMS  
CONCERNED HAVE A TOTAL COMBINED WORK FORCE OF 29,162.  
THEY VARY IN SIZE FROM A LOW OF 29 WORKERS TO NARLY  
FIVE THOUSAND.

3. WHILE COMPLETE ANALYSIS IS PENDING RECEIPT OF THE OUTSTANDING FIVE QUESTIONNAIRES, PRELIMINARY STUDY OF THOSE RECEIVED SUGGESTS THAT MAJOR IMPROVEMENTS HAVE BEEN MADE IN THE PAST TWO YEARS IN THE EMPLOYMENT PRACTICES OF U.S. SUBSIDIARIES. MOST NOTABLE IMPROVEMENTS HAVE BEEN WITH REGARD TO IMPLEMENTATION OF THE SO-CALLED SULLIVAN PRINCIPLES, PARTICULARLY THE FIRST POINT WHICH CALLS FOR DESGREGATION OF COMFORT FACILITIES. WITH ONE EXCEPTION, THE MOST SERIOUS DEFICIENCY REMAINS WORKER REPRESENTATION. ONLY THE FORD MOTOR COMPANY HAS FORMALLY RECOGNIZED A BLACK TRADE UNION AND GRANTED CHECK-OFF FACILITIES. THE OTHER COMPANIES ARE DIVIDED BETWEEN THOSE WHICH EXPRESS THEORETICAL WILLINGNESS TO DEAL WITH A REPRESENTATIVE UNION WHEN SUCH A SITUATION ARISES AND THOSE WHICH ACTIVELY DISCOURAGE TRADE UNIONISM. THERE APPEARS TO BE A NOTABLE LACK OF APPRECIATION AMONG U.S. SUBSIDIARIES OF THE IMPORTANCE OF EQUAL WORKER REPRESENTATION RIGHTS FOR ALL RACIAL GROUPS. THE ATTITUDE OF MANY AMERICAN FIRMS IS PARTICULARLY INCONGROUS IN VIEW OF THE RECENT ADMISSION BY SOUTH AFRICAN GOVERNMENT SPOKESMEN MUCH AS MINISTER OF LABOR FANNIE BOTHA AND LABOR COMMISSIONER NIC WIEHAHN THAT ALL SOUTH AFRICAN WORKERS SHOULD HAVE THE SAME INDUSTRIAL BARGAINING RIGHTS.

4. OF THE 27 FIRMS WHICH RESPONDED, THE WAGES PAID TO LIMITED OFFICIAL USE

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THE LOWEST SKILLED WORKERS RANGE FROM 108 RAND (ONE RAND EQUALS APPROXIMATELY 1.15 DOLLARS) PER MONTH TO 275 RAND PER MONTH WITH THE AVERAGE BEING 179 RAND PER MONTH. THE BASIC WAGE FOR THE HIGHEST SKILLED BLACKS EMPLOYED BY THE COMPANIES CONCERNED RANGES FROM 195 RAND PER MONTH TO 1155 RAND PER MONTH WITH THE AVERAGE BEING 480 RAND PER MONTH.

5. ACCORDING TO THE LATEST (APRIL 1978) HOUSEHOLD SUBSISTENCE LEVEL (HSL) SURVEY OF THE UNIVERSITY OF PORT ELIZABETH, THE BARE MINIMUM NEEDED BY A BLACK FAMILY OF SIX TO SURVIVE RANGES FROM A LOW OF 130.64 RAND PER MONTH IN QUEENSTOWN TO 158.61 IN JOHANNESBURG, 155.85 IN CAPE TOWN AND 160.19 IN DURBAN. OF THE 27 FIRMS CONCERNED ONLY ONE IN THE CAPE TOWN AREA, ONE IN THE DURBAN AREA AND THREE IN THE JOHANNESBURG AREA ARE PAYING BELOW THE RELEVANT HSL LEVELS.

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6. THE EEC CODE OF CONDUCT FOR COMPANIES WITH INTERESTS IN SOUTH AFRICA SUGGESTS THAT MINIMUM WAGES SHOULD INITIALLY EXCEED BY 50 PERCENT OF HSL. USING THIS CRITERION, ONLY ONE FIRM IN THE CAPE TOWN AREA AND ONE IN THE JOHANNESBURG AREA ARE PAYING ADEQUATE STARTING WAGES. IN THIS CONTEXT, IT SHOULD ALSO BE NOTED, HOWEVER, THAT ACCORDING TO A RECENT MARKET RESEARCH AFRICA SURVEY, THE MEDIAN MONTHLY INCOME FROM TOWNSHIP BLACKS IN SOUTH AFRICA IS BETWEEN 80 AND 199 RAND. 59.4 PERCENT FALL INTO THIS CATEGORY WITH 80 PERCENT EARN LESS THAN 80 RAND PER MONTH. ALL OF THE 27 U.S. SUBSIDIARIES IN THE CURRENT SURVEY PAY WELL ABOVE 80 RAND PER MONTH.

7. THE CONCERN SHOWN BY THE USG IN CONDUCTING THE CURRENT SURVEY APPEARS TO HAVE CONTRIBUTED TO INCREASING THE SOCIAL AWARENESS OF U.S. SUBSIDIARIES IN SOUTH AFRICA. THE NEWLY CREATED U.S. CHAMBER OF COMMERCE, FOR EXAMPLE, ALSO CONDUCTED ITS OWN IN-HOUSE CONFIDENTIAL SURVEY AND THE SIGNATORIES TO THE SO-CALLED SULLIVAN CODE ARE ESTABLISHING MONITORING FACILITIES.

8. IN RECENT MONTHS, MANY OF THE MORE PROGRESSIVE U.S.  
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SUBSIDIARIES HAVE ADOPTED A HIGHER PROFILE IN ORDER ACTIVELY TO PROMOTE IMPROVED EMPLOYMENT PRACTICES IN THE BROADEST SOUTH AFRICAN CONTEXT. WHEN THE REGIONAL LABOR OFFICER ARRIVED IN SOUTH AFRICA TWO YEARS AGO

DESEGREGATION OF COMFORT FACILITIES WAS REGARDED AS AN IMPOSSIBLE GOAL IN VIEW OF SOUTH AFRICAN LAW AND CUSTOM. ALTHOUGH IT IS STILL A SENSITIVE ISSUE, MANY SOUTH AFRICAN EMPLOYERS, WITH U.S. SUBSIDIARIES IN THE LEAD, HAVE SUCCESSFULLY DEALT WITH IT.

9. AT A RECENT CONFERENCE ON CODES OF EMPLOYMENT PRACTICE, CHRIS DYSON, INDUSTRIAL RELATIONS DIRECTOR FOR COLGATE-PALMOLIVE, DECLARED, "OUR CAFETERIA, OBLUTIONS... ALL FACILITIES IN THE PLANT HAVE BEEN FULLY INTEGRATED". SIMILARLY, IBM'S PERSONNEL MANAGER ROLY CLARK OBSERVED THAT HIS FIRMS' TOILETS WERE INTEGRATED A YEAR AGO. JAMES MILNE OF GILLETTE SAID HIS FIRM SOUGHT TO AVOID CONFRONTATION WITH WHITE STAFF IN REMOVING EMPLOYMENT DISCRIMINATION, "BUT WE DO ACTUALLY GET QUITE TOUGH WITH PEOPLE...IT'S ALMOST AN INSTRUCTION". HE SAID ALL GILLETTE EMPLOYEES WERE TOLD THE CAFETERIA FACILITIES WERE NOT SEGREGATED ANY LONGER AND THEY JUST HAD TO ACCEPT IT. GILLETTE HAS BEEN EQUALLY AGGRESSIVE ACCORDING TO MILNE IN INTEGRATING ALL DEPARTMENTS IN THE COMPANY AND IN NON-WHITE JOB ADVANCEMENT.

10. COMMENTING AT THE SAME CONFERENCE ON HIS FIRM'S RECOGNITION OF A BLACK TRADE UNION, FRED FERREIRA OF FORD MOTOR COMPANY SAID COMPANIES IN SOUTH AFRICA SHOULD RECOGNIZE THAT BLACK UNIONS ARE HERE TO STAY. HE ADDED THAT THE SOUTH AFRICAN GOVERNMENT SHOULD CREATE MACHINERY TO ENABLE EMPLOYERS TO DEAL WITH ALL LIMITED OFFICIAL USE

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EMPLOYEE GROUPS ON AN EQUAL BASIS WHEN NEGOTIATING CONDITIONS OF EMPLOYMENT.

11. FOLLOWING SUGGESTIONS IN THE JUNE 19 ISSUE OF FORTUNE MAGAZINE THAT GENERAL MOTORS MAY BE LAGGING BEHIND FORD, GM MANAGING DIRECTOR LOU WILKING IS REPORTED TO HAVE DECLARED ON JUNE 22 THAT THE BLACK HOME OWNERSHIP, IMPROVED EDUCATIONAL OPPORTUNITIES, FREEDOM TO JOIN TRADE UNIONS AND REMOVAL OF JOB RESERVATION, THE SOUTH AFRICAN ECONOMY WOULD IMPROVE, FOREIGN INVESTMENT WOULD RETURN AND POLITICAL PRESSURE WOULD DIMINISH. WITH THE NEW 99 YEAR LEASEHOLD SYSTEM FOR URBAN BLACKS, FIRMS SUCH AS GENERAL MOTORS, FORD AND IBM HAVE TAKEN THE LEAD IN WORKING TO IMPROVE BLACK HOUSING STANDARDS.

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-----053538 271452Z /47

R 270810Z JUN 78

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12. THE ATTITUDES DISPLAYED BY SUCH U.S. SUBSIDIARIES HAVE SPREAD ALSO TO OTHER SOUTH AFRICAN COMPANIES. A SPOKESMAN FOR THE LARGEST S.A. BUILDING COMPANY, ROBERTS CONSTRUCTION, OBSERVED RECENTLY THAT IT IS NONSENSE TO PRETEND THAT BLACK UNIONS DO NOT EXIST. A STELLENBOSCH WINERIES REPRESENTATIVE DECLARED THAT HIS FIRM IS RAPIDLY PROMOTING NON-WHITES INTO JOBS PREVIOUSLY RESERVED FOR WHITES. DESPITE SOUTH AFRICAN LAW AND CUSTOM, HE SAID STELLENBOSCH NOW HAS MANY "PEOPLE OF OTHER COLORS IN CHARGE OF WHITES -- IN GRADES MUCH HIGHER THAN SOME WHITES". THE U.S. AFFILIATED ADVERTISING FIRM J. WALTER THOMPSON HAS ALREADY APPOINTED A 33 YEAR OLD SOUTH AFRICAN BLACK TO ITS BOARD OF DIRECTORS.

13. THE GROWING TRANSFORMATION OF ATTITUDES IN SOUTH AFRICAN COMMERCE AND INDUSTRY APPEARS TO BE SPREADING EVEN TO GOVERNMENT ENTITIES SUCH AS THE RAILWAYS. CHIEF PERSONNEL OFFICER J. VENTER STATED, FOR EXAMPLE, HE WOULD LIKE TO SEE THE MAN BEST SUITED FILL THE JOB REGARDLESS OF COLOR. SIMILARLY, THE PERSONNEL RELATIONS OFFICER OF ESCOM, THE ELECTRICITY ENTITY, RECENTLY DECLARED, " THE ONLY WAY TO ACHIEVE HARMONIOUS LABOR

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RELATIONS IS TO HAVE THE SAME FRINGE BENEFITS FOR ALL".

14. CONCLUSION: EVIDENCE GATHERED SO FAR IN THE CURRENT

SURVEY OF U.S. SUBSIDIARY EMPLOYMENT PRACTICES SUGGESTS THAT THEY ARE CAUGHT UP IN THE CHAIN OF EVENTS WHICH BEGAN IN SOWETO ON JUNE 16, 1976. PRODDED BY THE CURRENT SURVEY AND THE SULLIVAN MANIFESTO, AND WITH THE KNOWLEDGE THAT IT IS IN THE INTEREST OF SOUTH AFRICA TO SEE THE SULLIVAN AND SIMILAR CODES SUCCEED, THEY ARE INCREASINGLY TAKING THE LEAD IN MOVING AWAY FROM DISCRIMINATORY LAWS AND CUSTOMS. FURTHER PROGRESS MAY DEPEND, HOWEVER, ON THE READINESS WITH WHICH U.S. SUBSIDIARIES ACCEPT THE INCREASINGLY RECOGNIZED NEED FOR EQUAL WORKER REPRESENTATION AND TRADE UNION RIGHTS.

15. COMPLETED SURVEY WILL ADDRESS OTHER ASPECTS OF LIBERALIZED EMPLOYMENT PRACTICES SUCH AS TRAINING PROGRAMS, PROVISION OF SUPERVISORY AND SUBSTANTIVE JOBS FOR NON-WHITES, FRINGE BENEFITS, AND CIVIC ACTION PROGRAMS.  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EMPLOYMENT, REPORTS, SURVEYS  
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**Copy:** SINGLE  
**Draft Date:** 27 jun 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Previous Classification:** n/a  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 JOHANNESBURG 1276, 78 STATE 148302  
**Retention:** 0  
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**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014